

ROUTING AND RECORD SHEET

DD/A REGISTRY

FILE: Personnel

SUBJECT: (Optional)

Hiring Freeze

FROM: Harry E. Fitzwater
 Director of Personnel
 Policy, Planning, and Management

EXTENSION

NO.

DATE

6 FEB 1981

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TO: (Officer designation, room number, and building)

DATE

RECEIVED FORWARDER

OFFICER'S INITIALS

COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

1. A/Deputy Director for Administration

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I would like to meet with you and the others concerned immediately following the Monday morning staff meeting in the DCI Conference Room.

2. EO/DDA (fyi)

9 FEB 1981

9 FEB 1981

mfp

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3. CMO - fyi

10 Feb

ff

Registry

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Harry E. Fitzwater

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 - looks as if this
 is the last draft.
 Harry

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The Honorable David Alan Stockman
Director
Office of Management and Budget
Washington, D. C 20503

Dear Dave:

I have assessed in some detail the impact of the Presidential hiring freeze on the Central Intelligence Agency (CIA). I am now satisfied that the Agency has already suffered from even a short hiring freeze because of the unusual nature of its hiring process. As a prerequisite to employment, each applicant must undergo an extensive, time-consuming and expensive security investigation. This process includes an exhaustive 15-year background investigation. The selection and clearance process typically stretches out over many months and, as you might expect, we lose many good people just because they either cannot or choose not to tolerate this time delay inconvenience. Even in the best of times the Agency has trouble filling positions for certain critical skills. From past experience when the Agency was forced to turn off its applicant pipeline, it took many months to recover.

While there are many serious requirements for new employees, I am prepared to live temporarily with the freeze--except in certain critical skills necessary to our mission. At present, the Agency is 302 personnel below the Congressional-approved FY-1981 budget ceiling [redacted] We expect to lose another 720 through attrition by the end of the fiscal year. I consider it imperative that we be given partial relief from the freeze in

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certain critical categories. These skills represent approximately 55 of the 160 skills categories for which we recruit personnel. Specifically, we request authority to hire among the following skills to fill current vacancies and one-for-one attrition in these special categories:

<u>Occupational Category</u>	<u>Projected Attrition</u>	<u>Requested Exemptions Not to Exceed</u>	<u>Freeze Impact Attachment</u>
Communications Specialists	49	149*	A
Operations Officers	80	172*	B
Engineers and Physical Scientists	75	75	C
Computer Specialists	24	24	D
Intelligence Analysts	106	168*	E
Security Officers and Couriers	26	26	F
Linguists	20	20	G
Attorneys	15	15	H
Clericals	<u>164</u>	<u>164</u>	I
Totals	559	813	

The Agency's ability to conduct clandestine operations also is dependent upon a large number of non-ceiling personnel who are hired on contract or memorandum of oral commitment to perform essential operational support

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*Includes current vacancies.

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[REDACTED] The majority of those involved are foreign personnel who properly fit the definition of agents. However, in some cases the operations support functions can be met best by a U. S. citizen or, because of cover and security considerations, can be met only by a U. S. citizen. Payment usually consists of a small retainer, a fixed daily rate, or reimbursement for out-of-pocket expenses. Turnover in this category is constant, and 100 new operations support assets will be required during the remainder of the fiscal year. I cannot believe that it is the intent of the hiring freeze to restrict this Agency from the use of these assets. For record purposes, I ask that you affirm that these individuals are exempt.

In addition to the above, I believe it necessary that you exempt from the freeze those applicants placed in process between 5 November 1980 and 20 January 1981. During this period the Agency had given commitment letters to 465 applicants. Under the most ideal conditions, only 50 percent of these would survive the clearance process. Because of our unique hiring problem, a considerable investment of time and money has already been expended in the advertising for and recruitment, selection and investigative screening of these applicants currently in process. They were selected from among approximately 12,000 applicants. There is a large number of the critical skills represented in this category, and it would be an indefensible waste to discontinue their processing and not allow those who passed the screening to report for duty. To realize a return on our investment, this entire group should be exempted from the freeze.

The impact of the total freeze in hiring of the above-critical categories of skills is discussed in the attachments. I urge your favorable consideration of this request and assure you that I will maintain strong monitoring controls on all new hires to ensure that only those for whom we have requested exemption will be brought on-duty. Your approval of this request will help me fulfill my responsibilities at an acceptable level, while demonstrating my support for the President's hiring freeze.

Yours,

William J. Casey

Attachments

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Operations Officers - The 1978-79 Operations Directorate's personnel reductions, combined with a very high retirement attrition, resulted in the loss of thousands of man-years of experience, the present shortage of 100 operations officers, and a projected shortage of 200 by the end of FY-1981. This understrength coincides with dramatic increases in demands for clandestine human intelligence collection against economic, monetary, nuclear, science and technology and political targets; the "rebirth" of covert action generated by events in the Near East, Latin America and Africa;

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[redacted] and the necessity to open new stations overseas. In spite of a hostile overseas environment, making overseas assignment less than attractive, a major recruiting effort was beginning to make up the deficit in these officers. Under ideal conditions these officers are hard to recruit; they are usually employed, and often at salaries higher than we can afford to pay, and because of their qualifications [redacted] are in great demand in both the public and private sectors. It is necessary that an input of 160 Career Trainees and 40 other operations officers with non-official cover and other special skills be recruited annually in order to reach and maintain ceiling. The interrelationship of hiring and training these officers is inextricable; it is one process and when one part of the chain is broken the entire process is thrown awry. Because of length of processing and availability of training resources, new applicants

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are not available for operations production for at least 20 months after being placed in process. Even if the freeze were lifted now it is doubtful that there would be an output class from these recruits until spring 1983. In summary, the full hiring freeze will cause major problems for the Operations Directorate over both the short- and long-term. To be more specific with respect to immediate impact -- intelligence will not be collected against high priority targets, covert action programs critical to U.S. foreign policy efforts will not be mounted, and some overseas stations and bases will have to be closed.

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~~SECRET~~Engineers and Physical Sceintists

As with all other hard-to-get occupation categories in the CIA, engineers and physical scientists also present us with unique acquisition problems. All agencies of government have difficulty competing with the private sector for the skills of these professionals. As a part of the improvements made in the Agency's selection and processing procedures, major recruiting emphasis was placed on this category. It has taken us eight months to get 86 people with these skills into our pipeline.

Science and Technology Directorate
During FY 1981 the DSSGT alone will be responsible for the execution of about \$1 billion of contract and other program activities which will support programs across the full spectrum of intelligence functions requiring the application of technology. These include the management of ongoing space collection systems; the development of the next generation of space collection systems; the management and operation of a number of ground-based collection systems both independently and in close partnership with NSA; and the development and operation of critically important audio, covert communications, and other technical support to the operations people of CIA's Directorate for Operations.

We conduct these programs through people who have post graduate degrees and/or significant industrial experience in such fields as electrical engineering, physics, mathematics, optics, chemistry, and electronics. Our workforce is relatively young and highly mobile. Substantial numbers of our people can easily move to private sector concerns like TRW, Lockheed Missiles and Space and other high technology corporations. Because of the technical challenge we are able to offer, the inherent excitement and dynamism of our programs, and the reputation we have in the high technology community, we

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are able to attract and hold individuals of high competence -- despite our inability at many levels to compete with private sector salaries and benefits. We do, however, face some attrition in our workforce. Experience tells us that we are most likely to lose the people whose skills we most require. They are the people with mobility, contacts, significant future growth potential, and professional experience gained here of great value to the private sector.

If we cannot replace these key people as we lose them, we will have to shift qualified people, where we have them, from other programs. This will cause significant disruption. More critical to us is the fact that in many cases we will simply not have the talent required anywhere within our organization, and in those cases critical positions will go unfilled. DDS&T has two such key senior positions unfillable today from within our organization. Extending this state of affairs for any significant period of time will substantially increase the risk of serious and expensive mistakes in judgment, omissions, and schedule adjustments within ongoing developmental activities. It is our judgment that failure to improve the limited exemptions in critical skills areas proposed in the letter above will prove exceedingly costly to the government over the next two to three years. In addition, the Office of Scientific and Weapons Research will have increasing difficulty in providing analyses of foreign space weapons systems, nuclear warheads, and computer technology.

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The CIA has as much difficulty acquiring computer specialists as it does engineers and physical scientists for all ~~of the same~~ ^{THE REASONS PREVIOUSLY} reasons cited above. Programs like SAFE--a large computer system being developed to improve the tools available to intelligence analysts--will be significantly ~~impacted~~ because of an inability to acquire supervisory and operating personnel to man the computer center scheduled for initial operation in 1982. Again, because of the length of the pipeline for people with these skills and their need for extensive training, the SAFE system may well not begin operation as scheduled. Because of the dynamic nature of the marketplace for these skills, attrition in this category is typically higher than others and will impact ^{adversely} ongoing computer operations that this Agency has become so dependent upon.

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INTELLIGENCE

Production Analysts - In the Congressional-approved budget for FY-1981 the National Foreign Assessment Center (NFAC) was authorized an additional 64 positions and projects losses of an additional ¹²⁶ ~~145~~ people through the end of FY-1981.

-- NFAC's research on geographic, economic and political issues will be most affected by the freeze. NFAC does not have enough people working on required aspects of the Third World. Critical subjects that cannot be addressed because of the lack of analysts with the necessary backgrounds, and because the people presently employed on Third World subjects are heavily engaged in current intelligence on crises rather than in research. The areas where we are unable to meet our research objectives include:

Central America and the Caribbean; Egypt and Saudi Arabia; Eastern Europe; energy shortages [redacted] South Africa; and factors supporting Third World political instability.

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-- Fifty to sixty analysts with the following skills are needed: 15 economists with various area specialities and/or background in energy topics; 20 people from among the disciplines of anthropology, political/cultural geography, demography, critical non-fuel resources; and 20 people with area expertise in Latin America (particularly Central America, [redacted] Brazil), Africa, and the Middle East (especially Egypt, Saudi Arabia and the lesser Gulf States).

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-- In the absence to hire at least ¹⁶⁵ ~~145~~ of the above category, I expect degradation to CIA's intelligence production.

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Security Officers and Couriers

The CIA relies on people with these skills to protect our classified information and to protect our facilities, both at home and abroad, that contain not only classified information, but our people as well. Given increasing political instability in the major areas of the world, as most recently evidenced by incidents in the Near East and Latin America, CIA security officers are taking on increasingly responsible assignments with respect to the protection of our employees and our property located overseas.

~~people as well~~. Our security officers play critical roles in performing security investigations, not only for prospective CIA employees, but also for the myriad of people in the private sector working on classified CIA contracts--some with the very highest clearance requirements of our government. CIA security officers are also very heavily and continually involved in counter-intelligence and antiterrorist activities overseas. Regarding
25X1 Regarding our couriers, we rely on them to routinely service over delivery and pickup points around the world on a 24-hour-a-day basis. We are presently some 30 percent under strength in this occupational category and, without relief, will have ^{DIVERT} no recourse but to ~~devote~~ professional employees from their primary intelligence-related responsibilities to perform these courier duties, to the further detriment of CIA's intelligence collection and production responsibilities.

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~~CONFIDENTIAL~~Linguists

Skilled linguists are a vanishing breed in America. This comes at a time of increased demand for linguists by both the government and multinational corporations. For example, increased requirements to translate documents from the Muslim world have been levied on the [redacted]

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Operations Directorate is debriefing an ever-increasing number of [redacted] and has requirements for overseas operations officers ^{WITH} for very esoteric languages overseas. At this time, the DDO is 50 percent below its language capability need. In many cases, there are only a few people in the United States who speak and read the more difficult languages-- Chinese, Russian, and Arabic, for example. Once an applicant with a language capability is found, it is absolutely necessary to hire the person if he/she meets other necessary qualifications.

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Attorneys - Because of high turnover, our General Counsel's Office expects to be at only half strength if the freeze continues for the rest of this fiscal year. At least one-half the work of the Office is devoted to dealing with cases in active litigation (approximately 150 to which the Agency is a party at present; plus some 50 more in which important Agency interests are at stake, even though the CIA is not a named party). To reduce the attention being given to these cases would risk public disclosure of classified intelligence information, degradation of the Director's authority to protect intelligence sources and methods, and judicial interference in Agency operations. If new vacancies in the Office of General Counsel are not filled, and in light of the fact the Office cannot diminish attention to active litigation, virtually all other legal activity would have to be curtailed. This would result in an inability to assist the Directorate of Operations in implementing clandestine activities and in assuring that clandestine and cover necessities in the United States do not expose intelligence officers to criminal or civil liability. In addition, the Office would be severely hampered in carrying out present efforts to simplify legal regulation applicable to intelligence activities and to remove unjustified restrictions imposed in the past.

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Clericals

experience

As you might suspect, we ~~experience~~ our highest attrition rates in the clerical fields and yet in many ways ~~are~~ most dependent upon these skills to make our daily processes operate effectively and efficiently. We are talking here not only about typists and stenographers who produce our large numbers of intelligence reports, but also with the file clerks who help compile voluminous data and with the payroll clerks who ensure that our employees are paid. Based on the Carter hiring freeze, for example, the Operations Directorate has already accumulated 75 clerical vacancies in Headquarters and 30 additional clerical vacancies in the field. CIA has historically utilized spouses of ^{HS} their employees to satisfy clerical requirements in the field. This has obviated the need ^{in some instances,} to send secretaries ^{various locations} around the world at a significant annual savings. This hiring freeze, while precluding us from ~~satisfying~~ sending clerical requirements overseas, is also precluding us from satisfying these requirements in the most efficient manner. This is just one example of our clerical difficulties. Others of equal magnitude exist everywhere in the Agency.

The Honorable David Alan Stockman

Dear Dave,

I have assessed in some detail the impact of the President's hiring freeze on the CIA. I am now satisfied that the Agency will suffer from even a short freeze because of the unusual nature of its hiring process. You are no doubt aware of the stringent security requirements that must be met by all prospective Agency employees--an exhaustive 15-year background investigation, polygraph interview, and the like. This selection and clearance process typically stretches out over six months and, as you might expect, we lose a lot of good people just because they either can't or chose not to tolerate this inconvenience. Those who stick with it do so in largest part because of the good faith that CIA demonstrates.

Even in the best of times, CIA has trouble fillings its authorized position ceiling. This factor, coupled with the fact that over the last three years the Agency has suffered an inordinate skills loss, puts CIA in a very difficult position. The Agency has, within the past year, implemented sweeping improvements in the way it selects and processes prospective employees. While these changes have been productive, CIA has still not been able to significantly shorten this so-called pipeline--the end to end recruiting and processing system used to acquire new employees. If the Agency is required to turn off its pipeline,

It will take literally years to turn it back on again.

The CIA will be most vulnerable in a hiring freeze in what it calls its Hard-to-Get Critical Skills, a longstanding collection of skills that have been particularly difficult to acquire in recent years. Each of these skills categories is significantly under strength now. The Agency has estimated its attrition through the end of the year, and the dilemma looms much larger. The following specifics wil give you an appreciation of the dilemma:

<u>Occupational Category (Hard-to-Get)</u>	<u>Under Strength As of</u>	<u>Estimated FY 1981 Attrition</u>
Communications Specialists	100	49
Operations Officers (foreign intelligence collection)	100	100
Engineers and Physical Scientists		75
Computer Specialists		24
Security Officers and Couriers	29	43
Linguists		20
Clericals	—	165
		475

Communications Specialists

The CIA's Office of Communications provides a worldwide service

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classified communications. The Office of Communications, because

of its serious understrength condition, is and will continue to be unable to satisfy overseas communicator requirements

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[redacted] -some new activities, others necessary expansions of existing activities. Moreover, reductions will very shortly have to be imposed at other foreign posts. This will be accomplished by reducing seven overseas stations from a four-communicator complement to a three-communicator complement; reducing [redacted] Stations from three communicators to two communicators; and reducing [redacted] additional Stations from two communicators to [a single communicator]. These cuts would result in a reduction of overseas communications operations

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of some [redacted] percent and would eliminate some [redacted] percent of current overseas electronic reporting of foreign intelligence. Domestically, the Office of Communications is also responsible for the maintenance and repair of CIA's metropolitan Washington, D.C. telephone service, both unclassified and secure. It

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[redacted]
works. The Office is now estimating that it will increase its usage of overtime some 65 percent just to maintain existing levels of support. If the freeze continues for any appreciable length of time, an additional 10 percent will be necessary. Notwithstanding this extensive and inefficient use of overtime, significant operational delays will occur.

Operations Officers

Personnel reductions imposed on the Operations Directorate in 1978 and 1979 combined with a very high retirement rate not unassociated with the reductions have resulted in a significant

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loss of unique intelligence skills. The CIA is only in the very early stages of recovering from these losses. Current understrength in this area coincides with dramatic increases and demands for:

- Clandestine intelligence collection against economic, monetary, nuclear, science and technology, and political targets;
- The rebirth of the Agency's covert action capability resulting from events in the Near East, Latin America, and Africa; [redacted]
- [redacted]
- The necessity to open new stations overseas.

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In order to satisfy these requirements under less than ideal conditions (hostile overseas environment not conducive to normal family living), it is necessary that we bring 160 career trainees and 40 nonofficial cover officers through the pipeline each year. The pipeline for these officers begins with their initial identification and stretches through their subsequent interviews, security processing, unique tradecraft training, and culminates with foreign language training some 24 to 30 months later. This pipeline is a carefully structured continuum. Interrupt any part of it, and you seriously unbalance all other segments.

Engineers and Physical Scientists

As with all other hard-to-get occupation categories in the CIA, engineers and physical scientists also present us with unique acquisition problems. All Agencies of government have difficulty

competing with the private sector for the skills of these professionals. As a part of the improvements made in the Agency's selection and processing procedures, as previously discussed, major recruiting emphasis was placed on this category. It has taken us eight months to get 86 people with these skills into our pipeline. These skills are most urgently needed in the Office of Development and Engineering, in support of national reconnaissance programs; at the National Photographic Interpretation Center, where we are initiating major improvements in our ability to process collection data that will be acquired with a new generation of overhead collection systems; in the Office of SIGINT Operations, to work on developing capabilities to recover Soviet data that was lost ^{with} at the closing of our [redacted] sites; and in the Office of Logistics, which is tasked with supporting all of these endeavors. [that require some combination of civil, mechanical, and electrical engineering skills]. In addition, the Office of Scientific and Weapons Research will have increasing difficulty in providing ^{to} analyses of foreign space weapons systems, nuclear warheads, and computer technology. (S)

Computer Specialists

The CIA has as much difficulty acquiring computer specialists as it does engineers and physical scientists, for all of the same reasons cited above. Programs like SAFE--a large computer system being developed to improve the tools available to intelligence analysts--will be significantly impacted because of an inability to acquire supervisory and operating personnel to man the computer

center scheduled for initial operation in 1982. Again, because of the length of the pipeline for people with these skills and their need for extensive training, the SAFE system may well not begin operation as scheduled. Because of the dynamic nature of the marketplace for these skills, attrition in this category is typically higher than others and will impact ongoing computer operations that this Agency has become so dependent upon.

Security Officers and Couriers

The CIA relies on people with these skills to protect our classified information and to protect our facilities, both at home and abroad, that contain not only classified information, but our people as well. Given increasing political instability in the major areas of the world, as most recently evidenced by incidents in the Near East and Latin America, CIA security officers are taking on increasingly responsible assignments with respect to the protection of our employees and our property located overseas.

~~people as well~~. Our security officers play critical roles in performing security investigations, not only for prospective CIA employees, but also for the myriad of people in the private sector working on classified CIA contracts--some with the very highest clearance requirements of our government. CIA security officers are also very heavily and continually involved in counter-intelligence and antiterrorist activities overseas. ~~Regarding our el~~

Regarding our couriers, we rely on them to routinely service over 700 delivery and pickup points around the world on a 24-hour-a-day basis. We are presently some 30 percent under strength in this occupational category and, without relief, will have no recourse but to devote professional employees from their primary intelligence-related responsibilities to perform these courier duties, to the further detriment of CIA's intelligence collection and production responsibilities.

Linguists

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The Operations Directorate is debriefing an ever-increasing number of [redacted] and has requirements for overseas operations officers for very esoteric languages overseas. At this time, the DDO is 50 percent below its language capability need. In many cases, there are only a few people in the United States who speak and read the more difficult languages-- Chinese, Russian, and Arabic, for example. Once an applicant with a language capability is found, it is absolutely necessary to hire the person if he/she meets other necessary qualifications.

Clericals

As you might suspect, we experience our highest attrition rates in the clerical fields and yet in many ways are most dependent upon these skills to make our daily processes operate

effectively and efficiently. We are talking here not only about typists and stenographers who produce our large numbers of intelligence reports, but also with the file clerks who help compile voluminous data and with the payroll clerks who ensure that our employees are paid. Based on the Carter hiring freeze, for example, the Operations Directorate has already accumulated 75 clerical vacancies in Headquarters and 30 additional clerical vacancies in the field. CIA has historically utilized spouses of their employees to satisfy clerical requirements in the field. This has obviated the need to send ecretaries around the world at a significant annual savings. This hiring freeze, while precluding us from ~~sending~~ ^{existing} clerical requirements overseas, is also precluding us from satisfying these requirements in the most efficient manner. This is just one example of our clerical difficulties. Others of equal magnitude exist everywhere in the Agency.

Applicants in Process

The CIA's selection and processing pipeline that I have previously described is a very expensive one. Nearly 80 percent of the prospective employees that CIA had in process on the 20th of January fall into one of the Hard-to-Get ccupational categories just described--those skilled areas that are presently most critical to the CIA. Because of the sunk costs in these prospective employees and the fact that we will ultimately hire only 250 or so of them, I would propose that the CIA not interrupt this processing and that those who survive the process be allowed to enter on duty.

I further request that CIA be authorized to continue to hire in those Hard-to-Get occupational categories listed above with the understanding that we will not exceed the authorized ceiling at any time in ~~any~~ ^{any} one of them.

William J. Casey